FFY's expenditures is different than the allocation method for current FFY expenditures.

Note: Running prior year FM 13 cost allocation processes causes the system to blank the OC Table Cost Allocation Run Type Indicator. The appropriate Run Type needs to be entered when running cost allocation in the new year.

Allocations using Actuals

Charges for prior FFY expenditures continue to be allocated using the cost allocation tables established for that particular FFY. However, when the cost allocation process builds the distribution base (i.e., the base on which the percentages are calculated to allocate costs), the system uses cumulative-to-date activity. This allocation basis is more equitable than using current month activity only since prior FFY activity in the new year is likely to be sporadic.

Allocations using Standards

The Standard costing method annualizes costs throughout the fiscal year. After the year is complete, this methodology is no longer appropriate since all of the costs should have been captured for that year.

To keep those agencies who use the Standard Costing method from making extensive table maintenance changes to the CA Table, CALSTARS automatically uses the Actual Cost method and the Calculated Percentage Distribution for prior year expenditures incurred during the current year (Distribution Type = **5**).

Also, see the discussion above regarding *Allocations Using Actuals*.

Variance Allocation Procedures

The cost allocation process allocates variances accumulated in indirect PCAs. Several activities must occur prior to starting this variance allocation process. First, the variance run allocates variances collected in indirect PCAs that have Variance Allocation Indicator **2** in the CA Table. Before starting the variance allocation process (using OC Table, Run Type = **V**) review the PA Table coding for PCA Type = **6** on each PA Table record needed for allocating variance expenditures. Second, the variance run allocates the cumulative variance balance that is in each PCA. If costs are accumulated in one PCA and recovered in another PCA, the system will not combine the two to compute the variance.

The variance allocation is performed using CA Table Distribution Type = **5** based on computed percentage. When determining the distribution base, year-to-date activity is used for prior year expenditures instead of monthly activity. The normal sequence of cost allocation events should be: (1) perform normal monthly cost allocation; (2) perform variance, if appropriate (usually done quarterly only); and, (3) perform fund split.

PREPARATION FOR THE NEXT YEAR-END

Once an agency has completed YEO, their monthly accounting processes are mostly routine until the start of the next Year-end Closing cycle. Before getting into the normal monthly routine, the following activities should be reviewed and timely action taken to make the next year-end closing process easier and more efficient.

Start Reconciliations

Agencies must reconcile each SCO account with their records for each of the twelve accounting periods. This includes the Federal Fund '44' accounts and certain general ledger accounts (3400, 3500, etc.), if present. Many agencies do not have sufficient staff to do the year-end activities, pay ongoing claims and keep current on reconciliations. Reconciliations are oftentimes deferred. After YEO, an extra effort should be made to bring reconciliations current and resolve all reconciling and Report 3 items. Once current, assignments should be made to keep them current for the rest of the fiscal year.

IMPORTANT: Of all the activities that are necessary for a successful year-end closing, one of the most important is to have all reconciliations up to date and correcting items processed in a timely manner.

Review Current Year Reports and Tables

Look critically at your current year reports now. Is the structure correct? Are the agency-entered titles spelled correctly? Is Cost Allocation/Fund Split working properly? Is the staff using the correct codes? Are the right reports being requested at the proper levels and distributed to the staff that need them? Are excess paper copies being requested, or could some reports be requested on microfiche or as report files? Is a copy of the microfiche being reviewed before it is archived in a safe place?

Set Reversion Indicators for the next CFY022 Process

AS Table Reversion Indicators may be set any time after an agency has completed the YEO processes. Agencies should consider setting these indicators in the Fall rather than waiting until the CFY022 Report is produced.

Delete unneeded Table Records

Review all table records now and delete excess or obsolete table records, as appropriate. Agencies may print all of their tables at this time to assist in the review. Many of the tables allow for printing specific FFYs (Function **S**=Print FFY) which allows for the review of all table records for each FFY. All of the entries for a table older than the current and two prior fiscal years may be deleted globally, however,